

Identification of the area

Name or Designation: **Area 40:** Central District; Rainier Valley; South First Hill (Madrona and Leschi), Beacon Hill; Mount Baker.

Boundaries: Area 40 boundaries are East Spruce Street to the North; Lake Washington to the East; South Graham Street to the South; Interstate 5 to the West.

Maps: A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Description:

The northern portion of area 40 contains neighborhood 10 (Central District, Little Saigon), neighborhood 20 (Central District) and neighborhood 30 (Leschi, Judkins Park).

The Urban Village developments are within the location of 23rd and Jackson, 23rd and Union, and along the major arterial streets of 12th Avenue, 14th Avenue, Boren, Yesler Way, South Jackson Street, Rainier Avenue South, Martin Luther King Junior Way South, and South Dearborn Street. This area is heavily urbanized consisting of retail stores, small offices, churches, daycare, small private schools, franchise fast-food restaurants, multi-family apartments and condominiums. It is progressively transforming from an older declining area to a rehabilitated area, steadily changing in moderate pace, as financing becomes more readily available to property owners.

The Central District has strong neighborhood based action groups and in cooperation with the City of Seattle they are in the process of revitalizing the community. Community development corporations are implementing development in accordance with their plans by private market activity in both housing and the commercial sector. The challenges ahead will include the ability to successfully implement urban village type development, job creation, and housing to capture a greater market share of residents' retail consumer spending. Revitalization and redevelopment strategies have been aiding in the reorganization of investment in community assets to increase local business development, employment opportunities and livability within the community.

Lowe Enterprises Northwest purchased the former Wonder Bread Bakery site in the Central District on south Jackson Street between 17th and 29th Avenue South. Lowe's proposed project will include apartments, condos, and office space with ground floor retail space. The Pratt Fine Arts Center purchased a full block from Lowe's where it will build a new art center more than twice its current size.

Their plan is to build the Northwest's largest center for working studio artists funded by a \$2.1 million challenge grant from the Jon and Mary Shirley Foundation.

The southern portion of area 40 contains neighborhoods 40 (Beacon Hill), 50 (Mount Baker, Rainier Valley), 60 (Rainier Valley, Columbia City) and 70 (Rainier Beach).

Major business arterials in this area are Rainier Avenue South, North Beacon Avenue and Martin Luther King Junior Way S. The commercial buildings located along Rainier Avenue South and Martin Luther King Junior Way S; primarily consist of retail, small offices, daycare, restaurants, franchise fast food, multi-family and apartments. The majority of Industrial zoned land is in the southwestern section near the southern city limits between Interstate 5 and Martin Luther King Junior Way S. The Jefferson Park Golf Course is located west of Martin Luther King Junior Way S. Lake Washington Boulevard is predominately residential with the recreational areas of Colman Park, Seward Park and Mount Baker Park located on the Lake Washington shores. The Puget Sound Veterans Administration Hospital is located off of Beacon Avenue South.

Commercial and industrial activities are predominately in the Valley neighborhoods including Rainier Avenue, Genesee Street, Martin Luther King Junior Way S., Graham Street and Columbia City. All have undeveloped or underdeveloped land and offer potential for development. This area is slowly and progressively revitalizing its neighborhoods after a long period of decline. Construction of the new 10,000 square foot King County Branch Library on Beacon Hill and expansion of the Rainier Beach Branch Library have recently been completed.

Mapes Creek Walkway in Rainier Beach was developed as a result of local community involvement. The walkway connects various residential neighborhoods to shopping and other community facilities. Development of a public plaza at Henderson Street and Rainier Avenue is also in process. In north Rainier Valley the Department of Parks and Recreation will design and development a pedestrian pathway along the shoulder of Cheasty Boulevard.

The Seward Park Estates Apartments located in Rainier Beach will be renovated. Public and private funding of more than 2.2 million dollars will transform it into affordable housing. A fitness center, daycare and 24-hour security is planned.

A town center in Rainier Beach has been proposed and would be called "Beach Square". It would be expected to revitalize the commercial core of Rainier Beach. This town center will include a new King County Metro layover facility.

Sound Transit has been given preliminary approval to secure nearly 400-property interests in the Rainier Valley for construction of the light rail, due for completion in early 2009. Construction impacts will be felt mostly in Rainier Valley. A twin bore tunnel will be excavated under Beacon Hill. This tunnel will connect downtown to Rainier Valley.

Five light rail stations are planned for Rainier Valley. These stations will be built along Martin Luther King Junior Way S. A station at Edmonds Street will be next to the Seattle

Housing Authority's, Rainier Vista Housing complex, providing opportunities to enhance the commercial and pedestrian-friendly character of the Columbia City neighborhood.

A station at Henderson will accommodate the pedestrian walkway to Rainier Beach and will encourage additional market rate multi-family housing. The McAllen station will offer an opportunity to create a mixed-use neighborhood center and increase the retail and multi-family housing supply. Planners are focused on condensing activity within walking distance of major transit stops, thus reducing vehicle traffic. Apartments mixed with single-family housing, restaurants, dry cleaners, grocery stores and bank branches will be within a few blocks of each other. Such high-density living is intended to provide a built-in base of transit users. A moratorium has been in effect to prevent the construction of new, or the expansion of existing, auto-oriented uses until station area planning is done.

City of Seattle Department of Design Construction and Land Use is in the planning stages of changing Single Family 5000 (SF 5000) zoning, at strategic locations on North Beacon Hill, to Neighborhood Commercial/Residential 40 (NC2/R40) zoning. This would be to encourage additional mixed-use commercial and residential development within North Beacon Hill's retail core.

Parcel Data Area 40:

Total approximate acres excluding specialty parcels: 906

Total approximate acres including specialty parcels: 1,314

Total parcel count excluding specialty parcels: 1,483

Total parcel count including specialty parcels: 1,968

Physical Inspection Identification:

Neighborhood 40-50 (Mount Baker, Rainier Valley) was physically inspected for the 2004 assessment year.

Scope of Data

Land Value Data:

There were 14 vacant land sales considered in Area 40 with sales dates from 2/22/2001 to 10/13/2003. Eight of these sales were 2003 sales. Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division Sale Identification Section. Sales information is analyzed and investigated by the appraiser to determine if they are market transactions. These sales were given primary consideration for valuing land as of 1/1/2004 for taxes payable in 2005.

Sales Analysis by Neighborhood

Area 40-10: Central District, Little Saigon

Neighborhood 10 boundaries are E. Spruce St. to the North, 23rd Avenue South to the east, Interstate 90 to the South and Interstate 5 to the West.

All land sales in this area were analyzed and four were considered market sales. Two sales occurred in 2001. Both are zoned L-3 multi-family. One sold at \$24.88 per square foot, in November 2001, and one sold at \$32.47 per square foot, in May 2001. One sale occurred in 2002. This sale, zoned C1-65, sold for \$25.07 per square foot in October 2002. An additional sale occurred in October 2003, was zoned C2-65, and sold for \$20.20 per square foot.

Land values in this neighborhood remain unchanged except for an adjustment to the sold property at \$20.20 per square foot to reflect an adverse, external condition not previously considered. The table below represents 2003 and 2004 estimated land values and shows the price per square foot of market sales in each zone.

AREA NEIGHBORHOOD	ZONING	2003 \$ PER SF VALUE	2004 \$ PER SF VALUE	SALES \$ PER SF
40-10	C1-65	\$15-60	\$15-60	\$25.07
40-10	C2-40	\$20	\$20	
40-10	C2-65	\$25-45	\$20-45	\$20.20
40-10	IC-65	\$18-55	\$18-55	
40-10	L-1	\$5-50	\$5-50	
40-10	L-2	\$5-20	\$5-20	
40-10	L-2/RC	\$25	\$25	
40-10	L-3	\$10-30	\$10-30	\$24.88 & \$32.47
40-10	L-3/RC	\$25	\$25	
40-10	LDT	\$15	\$15	
40-10	MR	\$20-40	\$20-40	
40-10	NC1-30	\$15	\$15	
40-10	NC1-40	\$25	\$25	
40-10	NC2-40	\$20	\$20	
40-10	NC3-40	\$20-30	\$20-30	
40-10	NC3/R40	\$20	\$20	
40-10	NC3-65	\$25-65	\$25-65	
40-10	SF-5000	\$15	\$15	

Area 40-20: Central District

Neighborhood 20 boundaries are E. Spruce Street to the north, 31st Avenue South to the East, Interstate 90 to the south, and 24th Avenue South to the west.

All land sales in this area were analyzed and two were considered to be market sales. They are both zoned L-2 multi-family. One sold in March 2002 for \$14.89 per square foot and the other sold in October 2003 for \$20.46 per square foot.

Land values in this neighborhood remain relatively unchanged except for some increases to the lowest valued, L-2 zoned land along Martin Luther King Jr Way S. The table below represents 2003 and 2004 estimated land values and the price per square foot of market sales in each zone.

AREA NEIGHBORHOOD	ZONING	2003 \$ PER SF VALUE	2004 \$ PER SF VALUE	SALES \$ PER SF
40-20	C1-40	\$30	\$30	
40-20	C1-65	\$30	\$30	
40-20	C2-40	\$15	\$15	
40-20	C2-65	\$10-25	\$10-25	
40-20	L-1	\$10-30	\$10-30	
40-20	L-2	\$10-30	\$10-30	\$14.89 & \$20.46
40-20	L-3	\$10-30	\$10-30	
40-20	L-4	\$25-30	\$25-30	
40-20	LDT	\$8-16	\$8-16	
40-20	NC1-30 / NC1-40	\$15/25	\$15/25	
40-20	NC2-40	\$15-25	\$15-25	
40-20	NC3-65	\$20-30	\$20-30	
40-20	SF-5000	\$10-30	\$10-30	

Areas 40-30: Leschi, Judkins Park

The boundaries for neighborhood 30 are E. Spruce Street to the North, Lake Washington to the East, Interstate 90 to the South and 31st Avenue South to the West.

There was no market evidence to indicate a change in the land values in Area 40-30. Land values in this neighborhood remained unchanged. The table below represents 2003 and 2004 estimated land values.

AREA NEIGHBORHOOD	ZONING	2003 \$ PER SF VALUE	2004 \$ PER SF VALUE	SALES \$ PER SF
40-30	NC1-30	\$15-20	\$15-20	
40-30	NC1-40	\$20-67	\$20-67	
40-30	L-1	\$45-50	\$45-50	
40-30	L-2	\$15	\$15	
40-30	L-3	\$20-142	\$20-142	
40-30	L-3 RC	\$83	\$83	
40-30	SF-5000	\$10-40	\$10-40	

Area 40-40: Beacon Hill

Neighborhood 40 boundaries are Interstate 90 to the North, Valentine Place South & 20th Avenue South to the East, Graham Street to the South and Interstate 5 to the West.

All land sales were analyzed and two were determined to be market sales. Both sales were zoned L-2. One sale occurred in March, 2003 for \$18.00 per square foot. The other sold in October, 2003 for \$13.20 per square foot.

Land values in this neighborhood remained relatively unchanged except for the increase of some L-2 zoned land along Sturgus Avenue South. The table below represents 2003 and 2004 estimated land values and the price per square foot of market sales in each zone.

AREA NEIGHBORHOOD	ZONING	2003 \$ PER SF VALUE	2004 \$ PER SF VALUE	SALES \$ PER SF
40-40	C1-40	\$10-25	\$10-25	
40-40	L-1	\$10-15	\$10-15	
40-40	L-2	\$7-25	\$7-25	\$13.20 & \$18.00
40-40	L-3	\$15-35	\$15-35	
40-40	MIO-105-L-3	\$5	\$5	
40-40	NC1-30	\$10-25	\$10-25	
40-40	NC1-40	\$15-20	\$15-20	
40-40	NC2-40	\$15-30	\$15-30	
40-40	NC2/R40	\$15	\$15	
40-40	NC3-40	\$20	\$20	
40-40	SF 5000	\$5-15	\$5-15	

Areas 40-50: Mount Baker, Rainier Valley

Neighborhood 50 boundaries are Interstate 90 to the North, Lake Washington to the East, South Hanford Street & South Winthrop Street to the South, Valentine Place South and 20th Avenue South to the West.

There was no market evidence to indicate a change in the land values for neighborhood 40-50.

Land values in this neighborhood remained unchanged. The table below represents 2003 and 2004 estimated land values.

AREA NEIGHBORHOOD	ZONING	2003 \$ PER SF VALUE	2004 \$ PER SF VALUE	SALES \$ PER SF
40-50	C1-40	\$10-30	\$10-30	
40-50	C1-65	\$17-30	\$17-30	
40-50	C2-65	\$10-25	\$10-25	
40-50	LDT	\$7-25	\$7-25	
40-50	NC1-30	\$15	\$15	
40-50	NC1-40	\$15-20	\$15-20	
40-50	NC3-65	\$15-25	\$15-25	
40-50	L-1	\$7-17	\$7-17	
40-50	L-2	\$10-17	\$10-17	
40-50	L-3	\$10-17	\$10-17	
40-50	L-4	\$15-25	\$15-25	
40-50	SF-5000/7200	\$4-43	\$4-43	

Area 40-60: Rainier Valley, Columbia City

Neighborhood 60 boundaries are South Winthrop Street, South Hanford Street and South Charleston Street to the North, 43rd Avenue South, 47th Avenue South, and 48th Avenue South to the East, South Graham Street to the South, Cheasty Boulevard, and Beacon Avenue South to the West.

All sales were analyzed and six are considered market sales. The sale zoned L-2 multi-family sold for \$16.00 per square foot in July, 2003. The sale zoned L-3 multi-family sold for \$12.11 per square foot in April, 2003. The sale zoned L-4 multi-family sold for \$17.47 per square foot in February, 2001. Two sales occurred with NC2-40 zoning, one for \$18.65 per square foot in April, 2001, and one for \$26.67 in August, 2003. One sale also took place with SF-5000 zoning, for \$10.09 per square foot in March, 2003.

Land values in this neighborhood remained relatively unchanged except for some L-2 and L-3 zoned land with local area adjustments to improve equalization. The table below represents 2003 and 2004 estimated land values and the price per square foot of market sales in each zone.

AREA NEIGHBORHOOD	ZONING	2003 \$ PER SF VALUE	2004 \$ PER SF VALUE	SALES \$ PER SF
40-60	C1-40	\$7-15	\$7-15	
40-60	C1-65	\$8-20	\$8-20	
40-60	C2-40	\$15	\$15	
40-60	C2-65	\$10-20	\$10-20	
40-60	L-1	\$5-7	\$5-7	
40-60	L-2	\$7-20	\$7-20	\$16.00
40-60	L-3	\$10-30	\$10-30	\$12.11
40-60	L-4 RC	\$12-25	\$12-25	\$17.47
40-60	LDT	\$5	\$5	
40-60	MR	\$5	\$5	
40-60	NC1-40	\$10-15	\$10-15	
40-60	NC2-30	\$10	\$10	
40-60	NC2-40	\$10-20	\$10-20	\$18.65 & \$26.67
40-60	NC3-40	\$15-20	\$15-20	
40-60	NC3-65	\$15-25	\$15-25	
40-60	SF-5000	\$5-15	\$5-15	\$10.09

Area 40-70: Southeast Lake Washington neighborhood

Neighborhood 70 boundaries are Lake Washington to the North and East, Graham Street to the South, 43rd Avenue South, 47th Avenue and 48th Avenue South to the West.

There was no market evidence to indicate a change in the land values in Area 40-70. Land values in these neighborhoods remained unchanged. The table below represents 2003 and 2004 estimated land values.

AREA NEIGHBORHOOD	ZONING	2003 \$ PER SF VALUE	2004 \$ PER SF VALUE	SALES \$ PER SF
40-70	NC1-30	\$15-20	\$15-20	
40-70	SF-5000/7200/9600	\$5-20	\$5-20	

Land Value Conclusions, Recommendations and Validation:

Land values were estimated based on the Sales Comparison approach. Sales were analyzed based on zoning, size, location and development potential. Changes were made based on recent land sales and to achieve equalization in neighborhoods in accordance with zoning, size and location. In the absence of sales in a neighborhood, sales in other similar neighborhoods were considered. Appraiser judgment prevails in all decisions regarding individual parcel valuation. The appraiser determines which available value estimate may be appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area.

Ratio Analysis

The total land assessed value for the 2003 assessment year for area 40 excluding specialty parcels was \$496,443,992 and the total land assessment value for the 2004 assessment year excluding specialty parcels is \$497,385,200. Application of these recommended values for the 2004 assessment year (taxes payable in 2005) results in a change from the 2003 assessments of plus .20%.

Vacant Sales for Area 040 with Sales Used

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Ld. Area	Property Name	Zone	Par. Ct.	Ver. Code
040	010	000760	0206	3,696	1820113	\$120,000	05/25/01	\$32.47	VACANT LAND	L-3	1	2
040	010	000760	0209	1,980	1997576	\$40,000	10/07/03	\$20.20	VACANT	C2-65'	1	2
040	010	331950	2145	9,968	1851737	\$248,000	11/02/01	\$24.88	VACANT LAND	L-3	2	2
040	010	713280	0056	3,370	1928938	\$84,500	10/11/02	\$25.07	VACANT LAND-ST OF WASH	IC-65'	1	2
040	020	713730	0040	2,932	1994409	\$60,000	10/06/03	\$20.46	VACANT	L-2	1	2
040	020	765860	0175	4,030	1874838	\$60,000	03/20/02	\$14.89	VACANT LAND	L-2	1	2
040	040	713280	0360	4,000	1943598	\$72,000	03/05/03	\$18.00	VACANT	L-2	1	2
040	040	713330	0145	5,681	1995458	\$75,000	10/13/03	\$13.20	VACANT LAND	L-2	1	2
040	060	142630	0340	82,544	1951729	\$1,000,000	04/11/03	\$12.11	VACANT LAND	L-3	2	2
040	060	142630	0420	8,418	1945145	\$84,950	03/11/03	\$10.09	VACANT LAND	SF5000	1	2
040	060	148040	0040	20,371	1812803	\$380,000	04/17/01	\$18.65	VACANT LAND	C2-65'	3	2
040	060	160460	1800	8,561	1971386	\$137,000	07/01/03	\$16.00	VACANT LAND	L-2	1	2
040	060	266050	0265	10,819	1804869	\$189,000	02/22/01	\$17.47	VACANT LAND	L-4	1	2
040	060	333050	0465	3,000	1980081	\$80,000	08/06/03	\$26.67	VACANT	NC2-40'	1	2

Improved Parcel Total Values:

Sales comparison approach model description:

There are 16 improved sales in area 40 that were considered fair market transactions. Their sale dates ranged from 2/27/2001 to 1/07/2004. Six of these sales occurred after 1/01/2003. All sales were verified with a knowledgeable party when possible. Each sale was inspected and the recorded property characteristics adjusted when necessary. The resulting data was stratified according to predominant use, location, age and size in order to establish appropriate ranges of price per square foot of net rentable area to use as guidelines.

Regression

Regression was not used in the revalue of the commercial properties in this area. See report on apartments and condominiums for use of regression models.

Cost approach model description

In those areas where a cost approach was done the Marshall & Swift Commercial Estimator was used. Depreciation was also based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area. Cost estimates were relied upon in almost every instance of exempt properties including schools, churches, public buildings and government buildings. Cost estimates also served as value indicators for new construction projects.

Cost calibration

The Marshall & Swift Valuation modeling system, which is built in the Real Property Application, is calibrated to the region and the Seattle area.

Income capitalization approach model description

The Income Approach was considered the most reliable approach to valuation in Area 40. Income parameters were derived from the market place through sales and listed for sale information, as well as through market surveys and available publications. Stratification of these parameters of the various property types indicates:

Area 40-10:

PROPERTY TYPE	RENT/SF	VACANCY	EXPENSE	OAR
Retail, Restaurant, Convenience Store, Daycare Center	\$9.00 to \$20.00	5% to 7%	10% to 15%	8.50% to 11.00%
Basement- (finished, display), Mezzanines, Balcony, Arcade, Cafeteria	\$3.00 to \$9.00	5% to 7%	10%	9.00% to 11.00%
Office Office Medical	\$9.00 to \$22.00	8% to 9%	20% to \$25	8.50% to 10.00%
Office Mezzanines Office Basement Office Warehouse	\$3.00 to \$9.00	5% to 7%	10%	9.00% to 11.00%
Industrial, Manufacturing, Storage Warehouse	\$2.00 to \$7.00	5% to 6%	10%	8.50% to 11.00%
Garage Service Repair	\$2.00 to \$15.00	5%	10%	9.00% to 10.00%
Apartment, Multiple Residence Low Rise,	\$5.00 to \$12.00	5%	20% to 25%	7.50% to 9.00%

Area 40-20:

PROPERTY TYPE	RENT/SF	VACANCY	EXPENSE	OAR
Retail, Restaurant, Convenience Store, Daycare Center	\$9.00 to \$20.00	5% to 7%	10% to 15%	8.50% to 11.00%
Basement- (finished, display), Mezzanines, Balcony, Arcade, Cafeteria	\$3.00 to \$9.00	5% to 7%	10%	9.00% to 11.00%
Office Office Medical	\$9.00 to \$22.00	8% to 9%	20% to \$25	8.50% to 10.00%
Office Mezzanines Office Basement Office Warehouse	\$3.00 to \$9.00	5% to 7%	10%	9.00% to 11.00%
Industrial, Manufacturing, Storage Warehouse	\$2.00 to \$7.00	5% to 6%	10%	8.50% to 11.00%
Garage Service Repair	\$2.00 to \$15.00	5%	10%	9.00% to 10.00%
Apartment, Multiple Residence Low Rise,	\$5.00 to \$12.00	5%	20% to 25%	7.50% to 9.00%

Area 40-30:

PROPERTY TYPE	RENT/SF	VACANCY	EXPENSE	OAR
Retail, Restaurant, Convenience Store, Daycare Center	\$9.00 to \$20.00	5% to 7%	10% to 15%	8.50% to 11.00%
Basement- (finished, display), Mezzanines, Balcony, Arcade, Cafeteria	\$3.00 to \$9.00	5% to 7%	10%	9.00% to 11.00%
Office Office Medical	\$9.00 to \$22.00	8% to 9%	20% to \$25	8.50% to 10.00%
Office Mezzanines Office Basement Office Warehouse	\$3.00 to \$9.00	5% to 7%	10%	9.00% to 11.00%
Industrial, Manufacturing, Storage Warehouse	\$2.00 to \$7.00	5% to 6%	10%	8.50% to 11.00%
Garage Service Repair	\$2.00 to \$15.00	5%	10%	9.00% to 10.00%
Apartment, Multiple Residence Low Rise,	\$5.00 to \$12.00	5%	20% to 25%	7.50% to 9.00%

Area 40-40:

PROPERTY TYPE	RENT/SF	VACANCY	EXPENSE	OAR
Retail, Restaurant, Convenience Store, Daycare Center	\$9.00 to \$20.00	5% to 7%	10% to 15%	8.50% to 11.00%
Basement- (finished, display), Mezzanines, Balcony, Arcade, Cafeteria	\$3.00 to \$9.00	5% to 7%	10%	9.00% to 11.00%
Office Office Medical	\$9.00 to \$22.00	8% to 9%	20% to \$25	8.50% to 10.00%
Office Mezzanines Office Basement Office Warehouse	\$3.00 to \$9.00	5% to 7%	10%	9.00% to 11.00%
Industrial, Manufacturing, Storage Warehouse	\$2.00 to \$7.00	5% to 6%	10%	8.50% to 11.00%
Garage Service Repair	\$2.00 to \$15.00	5%	10%	9.00% to 10.00%
Apartment, Multiple Residence Low Rise,	\$5.00 to \$12.00	5%	20% to 25%	7.50% to 9.00%

Area 40-50:

PROPERTY TYPE	RENT/SF	VACANCY	EXPENSE	OAR
Retail, Restaurant, Convenience Store, Daycare Center	\$9.00 to \$20.00	5% to 7%	10% to 15%	8.50% to 11.00%
Basement- (finished, display), Mezzanines, Balcony, Arcade, Cafeteria	\$3.00 to \$9.00	5% to 7%	10%	9.00% to 11.00%
Office Office Medical	\$9.00 to \$22.00	8% to 9%	20% to \$25	8.50% to 10.00%
Office Mezzanines Office Basement Office Warehouse	\$3.00 to \$9.00	5% to 7%	10%	9.00% to 11.00%
Industrial, Manufacturing, Storage Warehouse	\$2.00 to \$7.00	5% to 6%	10%	8.50% to 11.00%
Garage Service Repair	\$2.00 to \$15.00	5%	10%	9.00% to 10.00%
Apartment, Multiple Residence Low Rise,	\$5.00 to \$12.00	5%	20% to 25%	7.50% to 9.00%

Area 40-60:

PROPERTY TYPE	RENT/SF	VACANCY	EXPENSE	OAR
Retail, Restaurant, Convenience Store, Daycare Center	\$9.00 to \$20.00	5% to 7%	10% to 15%	8.50% to 11.00%
Basement- (finished, display), Mezzanines, Balcony, Arcade, Cafeteria	\$3.00 to \$9.00	5% to 7%	10%	9.00% to 11.00%
Office Office Medical	\$9.00 to \$22.00	8% to 9%	20% to \$25	8.50% to 10.00%
Office Mezzanines Office Basement Office Warehouse	\$3.00 to \$9.00	5% to 7%	10%	9.00% to 11.00%
Industrial, Manufacturing, Storage Warehouse	\$2.00 to \$7.00	5% to 6%	10%	8.50% to 11.00%
Garage Service Repair	\$2.00 to \$15.00	5%	10%	9.00% to 10.00%
Apartment, Multiple Residence Low Rise,	\$5.00 to \$12.00	5%	20% to 25%	7.50% to 9.00%

Area 40-70:

PROPERTY TYPE	RENT/SF	VACANCY	EXPENSE	OAR
Retail, Restaurant, Convenience Store, Daycare Center	\$9.00 to \$20.00	5% to 7%	10% to 15%	8.50% to 11.00%
Basement- (finished, display), Mezzanines, Balcony, Arcade, Cafeteria	\$3.00 to \$9.00	5% to 7%	10%	9.00% to 11.00%
Office Office Medical	\$9.00 to \$22.00	8% to 9%	20% to \$25	8.50% to 10.00%
Office Mezzanines Office Basement Office Warehouse	\$3.00 to \$9.00	5% to 7%	10%	9.00% to 11.00%
Industrial, Manufacturing, Storage Warehouse	\$2.00 to \$7.00	5% to 6%	10%	8.50% to 11.00%
Garage Service Repair	\$2.00 to \$15.00	5%	10%	9.00% to 10.00%
Apartment, Multiple Residence Low Rise,	\$5.00 to \$12.00	5%	20% to 25%	7.50% to 9.00%

See Assessor's 'Income Tables' for more specific information on economic rates for property type use.

Income approach calibration

The models were calibrated after setting base rents by using adjustments based on size, effective age, condition, quality and class of construction, as well as location.

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

All parcels were individually reviewed by the area appraiser for correctness of the model application before a final value was selected. All of the factors used to establish value by the model were subject to adjustment. The market rents as established by the income model were used as a guide in establishing the market rental rates used. The market rental rates applied vary somewhat but fall within an acceptable range of variation from the established guideline. The Senior Appraiser reviewed final value selects before posting.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel in the physical inspection area was field reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area.

The standard statistical measures of valuation performance are presented in the Executive Summary and the 2003 and 2004 Ratio Analysis charts included in this report. Comparison of the 2003 and 2004 Ratio Study Analysis indicates that the weighted mean statistical measure of assessment level is unchanged at 95.2%. Also unchanged are the Coefficient of Dispersion (COD) at 5.17%, the Coefficient of Variation (COV) at 7.61% and the Price-related Differential (PRD) at 1.00. These are well within the IAAO appraisal guidelines.

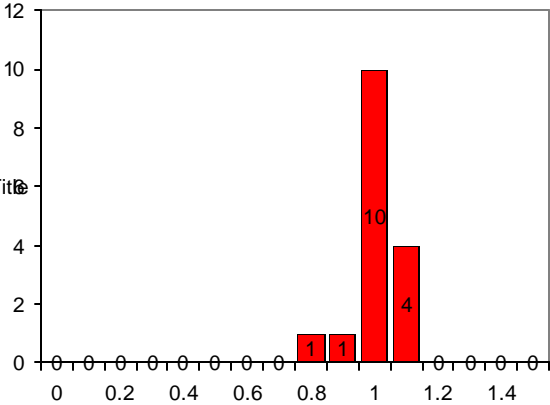
The total assessed value in area 40, for the 2003 assessment year, was \$923,110,768 and the total recommended assessed value for the 2004 assessment year is \$927,037,228. Application of these recommended values for the 2004 assessment year (taxes payable in 2005) results in an average total change from the 2003 assessments of + .43%.

Note: More details and information regarding aspects of the valuations and the report are retained in the working files and folios kept in the appropriate district office.

Area 040 - Central District and Rainier Valley
2004 Assessment Year
Sales uses w/2003 AV

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:	
Central Crew	1/1/2003	4/15/2004	2/27/01 - 1/7/04	
Area	Appr ID:	Prop Type:	Trend used?: Y / N	
40	JARL	Improvement	N	
SAMPLE STATISTICS				
Sample size (n)	16			
Mean Assessed Value	579,800			
Mean Sales Price	609,000			
Standard Deviation AV	338,172			
Standard Deviation SP	348,733			
ASSESSMENT LEVEL				
Arithmetic mean ratio	0.954	<div style="border: 1px solid black; padding: 5px;"> <p>These figures reflect the 2003 assessed values as compared to the current market.</p> </div>		
Median Ratio	0.962			
Weighted Mean Ratio	0.952			
UNIFORMITY				
Lowest ratio	0.7985			
Highest ratio:	1.0911			
Coefficient of Dispersion	5.17%			
Standard Deviation	0.0726			
Coefficient of Variation	7.61%			
Price-related Differential	1.00			
RELIABILITY				
95% Confidence: Median				
Lower limit	0.919			
Upper limit	1.003			
95% Confidence: Mean				
Lower limit	0.918			
Upper limit	0.989			
SAMPLE SIZE EVALUATION				
N (population size)	794			
B (acceptable error - in decimal)	0.05			
S (estimated from this sample)	0.0726			
Recommended minimum:	8			
Actual sample size:	16			
Conclusion:	OK			
NORMALITY				
Binomial Test				
# ratios below mean:	7			
# ratios above mean:	9			
z:	0.25			
Conclusion:	Normal*			
*i.e., no evidence of non-normality				

Area 040 - Central District and Rainier Valley
2004 Assessment Year
Sales uses w/2004 AV

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:		
Central Crew	1/1/2004	4/26/2004	2/27/01 - 1/7/04		
Area	Appr ID:	Prop Type:	Trend used?: Y / N		
40	JARL	Improvement	N		
SAMPLE STATISTICS					
Sample size (n)	16	<div>Ratio Frequency</div> 			
Mean Assessed Value	579,800				
Mean Sales Price	609,000				
Standard Deviation AV	338,172				
Standard Deviation SP	348,733				
ASSESSMENT LEVEL					
Arithmetic mean ratio	0.954	<div>These figures reflect the recommended 2004 assessed values as compared to the current market</div>			
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Weighted Mean Ratio	0.952				
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Lowest ratio	0.7985				
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z:	0.25				
Conclusion:	Normal*				
*i.e., no evidence of non-normality					

Improvement Sales for Area 040 with Sales Used

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.
040	010	332000	0350	3,060	1988186	\$700,000	09/11/03	\$228.76	SURE - FIT SEAT COVERS	C1-65'	1
040	010	713230	0445	4,000	1837418	\$656,250	08/02/01	\$164.06	RETAIL	IC-65'	1
040	010	713380	0170	7,368	1898487	\$915,000	07/18/02	\$124.19	STG WHSE/OFFICE BLDG	IC-65'	3
040	010	817010	0251	8,955	1929128	\$930,000	12/19/02	\$103.85	OFFICE/WAREHOUSE	NC3-65'	2
040	020	374050	0080	2,760	1875329	\$275,000	03/20/02	\$99.64	GROCERY STORE	NC2-40'	1
040	040	367740	0205	2,184	1903810	\$370,000	08/14/02	\$169.41	JANE'S MART	NC2-40'	1
040	050	149830	2560	4,026	1908434	\$305,000	08/29/02	\$75.76	STORAGE WAREHOUSE	C1-65'	1
040	050	159460	0285	16,769	1923452	\$1,325,000	11/19/02	\$79.01	SAIGON BILLIARDS	C1-65'	1
040	050	754830	0985	583	1861354	\$210,000	01/02/02	\$360.21	TERIYAKI HOUSE	C1-65'	1
040	060	333050	0260	448	1803865	\$98,000	02/27/01	\$218.75	TOP NAILS	NC3-65'	1
040	060	333050	1050	5,040	1977053	\$330,000	07/25/03	\$65.48	RAINIER BOXING GYMNASIUM	NC2-40'	1
040	060	333050	1310	3,280	1997597	\$360,000	10/20/03	\$109.76	MISC RETAIL BLDG	NC2-40'	1
040	060	333050	1580	18,330	2012399	\$1,025,000	01/07/04	\$55.92	PARKING AREA	NC2-40'	4
040	060	795030	1845	4,299	1954952	\$610,000	04/28/03	\$141.89	VACANT LOT/DAY CARE/RETAIL	NC2/R-40'	3
040	060	811310	0425	5,249	2004005	\$710,000	11/18/03	\$135.26	LIQUOR STORE	C1-65'	1
040	070	558320	0855	9,345	1898421	\$925,000	07/18/02	\$98.98	RETAIL	NC1-30'	1